

Message Text

LIMITED OFFICIAL USE

PAGE 01 NEW DE 10551 01 OF 02 120203Z
ACTION OES-09

INFO OCT-01 NEA-10 ISO-00 NASA-01 EB-08 COME-00 L-03
DOE-15 ACDA-12 CIAE-00 DODE-00 PM-05 INR-10
NSAE-00 NSC-05 SOE-02 SS-15 /096 W
-----096585 120309Z /64
R 110915Z JUL 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 2684
INFO AMCONSUL MADRAS

LIMITED OFFICIAL USE SECTION 1 OF 2 NEW DELHI 10551

PASS NASA FOR DICK BARNES

E.O. 11652: N/A
TAGS: BENC, BEXP, ETEL, TSPA, IN
SUBJECT: INSAT PROCUREMENT - RESULTS OF FINAL NEGOTIATIONS

1. RELEASE OF INFORMATION: THE DEPARTMENT OF SPACE (DOS),
GOI, HAS REQUESTED FORD AEROSPACE NOT TO RELEASE PRICE INFOR-
MATION OR OTHER DETAILS OF THE INSAT PROCUREMENT UNTIL IT HAS
BEEN RELEASED BY THE GOI. FORD HAS GIVEN US INFORMATION BELOW
UNDER SAME CONDITIONS.

2. SUMMARY: FORD AEROSPACE AND THE DEPARTMENT OF SPACE COM-
PLETED ALL NEGOTIATIONS ON JULY 4. THE FINAL CONTRACT WITH
FORD AEROSPACE AND THE LAUNCH VEHICLE AGREEMENT WITH NASA SHOULD
BE APPROVED BY THE GOI AND SIGNED BY DOS AND FORD BEFORE THE
END OF JULY. FORD WILL BUILD TWO FLIGHT SPACECRAFT AND A MAS-
TER CONTROL GROUND STATION. INSAT 1 SHOULD BE READY FOR LAUNCH
BY EARLY 1981. THERE ARE OPTIONS WHICH MAY BE EXERCISED BE-
FORE 1984 TO PROCURE UP TO THREE MORE INSATS. DOS WILL SEND
A TEAM OF 12-15 PEOPLE TO MONITOR THE CONTRACT. TECHNOLOGY
TRANSFER WAS NOT A MAJOR ISSUE IN THE NEGOTIATIONS. THE PRO-
JECT WILL BE MANAGED BY DOS AND OVERSIGHT WILL BE PROVIDED BY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NEW DE 10551 01 OF 02 120203Z

A COORDINATING COMMITTEE WHICH WILL HAVE USER AND FINANCE
MINISTRY REPRESENTATION. THE DOS SECRETARY WILL CHAIR THIS
COMMITTEE. END SUMMARY

3. SCICOUNS HAS HAD SEVERAL CONVERSATIONS BY TELECON AND IN
PERSON WITH MR. DONALD GRAUL, HEAD, INTERNATIONAL PROGRAMS,
FORD AEROSPACE, REGARDING THE STATUS AND RESULTS OF THE FINAL

NEGOTIATIONS WITH THE GOI FOR THE PROCUREMENT OF AN INDIAN NATIONAL SATELLITE, INSAT. THE FORD TEAM, HEADED BY R.E. BERRY, DIRECTOR OF SPACE SYSTEM OPERATIONS, HAS BEEN NEGOTIATING THE FINAL CONTRACT WITH THE GOI FOR THE PAST FEW WEEKS IN BANGALORE. THE DEPARTMENT OF SPACE IS THE GOI CONTRACTING AGENCY.

4. THE INSAT SYSTEM INVOLVES FOUR MAJOR ELEMENTS WHICH ARE THE SATELLITE, MASTER GROUND CONTROL FACILITY, LAUNCH VEHICLE AND SERVICES, AND USER GROUND SYSTEMS. THE USER GOI MINISTRIES WILL EACH PROVIDE THEIR OWN SYSTEMS WHICH INCLUDE TELEVISION AND TELECOMMUNICATIONS GROUND STATIONS AS WELL AS VILLAGE T.V. RECEIVERS, REMOTE SENSING DATA RECEIVING STATIONS, UTILIZING THE SATELLITE 400 MEGAHERTZ TRANSPONDER. NASA WILL PROVIDE THE REIMBURSABLE LAUNCH. FORD AEROSPACE WILL PROVIDE THE SATELLITE AND MASTER GROUND CONTROL FACILITY.

5. COMSAT CORPORATION, WASHINGTON, D.C. WAS HIRED AS A CONSULTANT AND PARTICIPATED IN REVIEWING THE REQUEST FOR PROCUREMENT (RFP), EVALUATING THE FORD AND HUGHES PROPOSALS AND TWO OF THEIR PEOPLE PARTICIPATED IN THE FINAL NEGOTIATIONS. ONE OF THESE WAS A COMSAT LAWYER WHO HAD ONCE WORKED ON AEROSAT ACCORDING TO GRAUL.

6. GRAUL FELT THAT COMSAT GREATLY INFLUENCED THE RFP AND THE FINAL NEGOTIATIONS. HE SAID THE RFP LOOKED VERY MUCH LIKE A LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 NEW DE 10551 01 OF 02 120203Z

COMSAT OR NASA RFP IN WHICH THE PROCURING ORGANIZATION KEEPS VERY CLOSE TO NEARLY ALL LEVELS OF WORK IN PROGRESS. HOWEVER, COMSAT AND NASA ARE FAR MORE INTIMATELY INVOLVED IN THE SATELLITE CONSTRUCTION, DOWN TO NEARLY THE PARTS LEVEL, THAN FORD OR THE MUNITIONS CONTROL BOARD WOULD LIKE THE DOS TO BE INVOLVED. GRAUL WOULD, NATURALLY, PREFER A TURNKEY PROJECT WITH NO INDIAN PARTICIPATION IN THE DESIGN OR BUILDING PHASE. ON THE OTHER HAND HE SAYS THAT THE INDIANS HAVE TO BE ABLE TO UNDERSTAND AND OPERATE THE INSAT SYSTEM. IN ORDER TO DO THIS THEY MUST UNDERSTAND THE DESIGN AND PARTICIPATE IN DESIGN REVIEWS. THEY ALSO HAVE THE RIGHT TO SOME ASSURANCE THAT THE SATELLITE WILL WORK. THE DOS THEREFORE NEEDS TO KNOW HOW INSAT IS TESTED, TO KNOW THAT TEST PROCEDURES MEET SPECIFICATIONS, TO OBSERVE TESTS, TO REVIEW TEST DATA, AND TO SEE SOME OF THE ANALYSIS THAT IS DONE WHERE TESTS ARE NOT DONE OR CANNOT BE ECONOMICALLY DONE TO ASSURE THEMSELVES THAT THE ANALYSIS IS ADEQUATE.

7. NEGOTIATIONS WERE DIVIDED INTO TWO PHASES, TECHNICAL AND FINANCIAL. THE TECHNICAL NEGOTIATIONS HAD REPRESENTATION FROM ALL USER MINISTRIES INCLUDING EDUCATION, COMMUNICATIONS, TOURISM AND CIVIL AVIATION (INDIAN METEOROLOGY DEPARTMENT), AND

INFORMATION AND BROADCASTING. THESE PEOPLE DID NOT ATTEND THE FINANCIAL NEGOTIATING SESSIONS WHICH WERE HELD AFTER THE TECHNICAL ONES. DEPARTMENT OF SPACE (DOS) PEOPLE AND REPRESENTATIVES FROM THE MINISTRIES OF LAW AND FINANCE PARTICIPATED IN BOTH PHASES OF THE NEGOTIATIONS.

8. DR. U.R. RAO, HEAD, INDIAN SPACE RESEARCH ORGANIZATION (ISRO) SATELLITE CENTRE (ISAC), DOS, CHAIRED THE TECHNICAL SESSIONS AND MR. Y.S. DAS, JOINT SECRETARY, FINANCIAL, DOS, CHAIRED THE FINANCIAL SESSIONS. MR. BANERJEE, A LAWYER, FROM THE MINISTRY OF LAW AND MR. MUNGLA, MINISTRY OF FINANCE, ATTENDED ALL SESSIONS.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 NEW DE 10551 02 OF 02 120240Z
ACTION OES-09

INFO OCT-01 NEA-10 ISO-00 NASA-01 EB-08 COME-00 L-03
DOE-15 ACDA-12 CIAE-00 DODE-00 PM-05 INR-10
NSAE-00 NSC-05 SOE-02 SS-15 /096 W
-----097295 120309Z /64

R 110915Z JUL 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 2685
INFO AMCONSUL MADRAS

LIMITED OFFICIAL USE SECTION 2 OF 2 NEW DELHI 10551

PASS NASA FOR DICK BARNES

9. COMSAT CONSULTANTS HAD RECOMMENDED AND DOS REQUESTED THAT THIRTY (30) DOS TECHNICAL PEOPLE BE ASSIGNED TO PROVIDE THE DAY TO DAY CONTACT AT FORD AEROSPACE, PALO ALTO, CALIFORNIA, BUT SETTLED ON TWELVE TO FIFTEEN. ACCESS TO WORK IN PROGRESS IS A PROBLEM. ALTHOUGH GRAUL WOULD HAVE PREFERRED ACCESS TO SUBSYSTEMS AND MAJOR COMPONENTS, IT WAS AGREED THAT THE DOS TEAM WOULD HAVE ACCESS TO, AS HE PUT IT, THE "BLACK BOX" LEVEL SUCH AS RECEIVERS, TRANSMITTERS, ETC. THE DOS WILL NOT SEE PRODUCTION PROCESSES WHICH PRODUCE THE "BLACK BOXES" BUT WILL SEE THE FINISHED PRODUCT AND TEST DATA AS APPROPRIATE.

10. THE CONTRACT PERIOD IS APPROXIMATELY 32 MONTHS TO LAUNCH. THE CONTRACT IS FOR TWO SATELLITES WHERE THE SECOND IS A BACK-UP. THERE ARE OPTIONS FOR THREE MORE AND THESE OPTIONS MAY BE EXERCISED UP TO 1984. PROF. JAI P. SINGH, DOS, STAFF,

INDICATED TO GRAUL THAT THE OPTION FOR THE THIRD INSAT WILL CERTAINLY BE EXERCISED. SINGH INDICATED, AT ONE TIME, THAT INSAT 2, THE BACK-UP, WOULD PROBABLY BE LAUNCHED TWO YEARS AFTER INSAT 1. THE CONTRACT IS FOR BETWEEN 50 AND 100 MILLION DOLLARS. THE INDIANS HAVE SET ASIDE 173 CRORES RUPEES (\$200 MILLION) FOR THE PROGRAM WHICH INCLUDES THE INSAT PROCUREMENT. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NEW DE 10551 02 OF 02 120240Z

11. IF FORD DOES NOT GET AN APPROVAL FOR AN EXPORT LICENSE FROM THE USG BY THE SEVENTH MONTH OF THE CONTRACT, DOS COULD TERMINATE THE CONTRACT FOR DEFAULT. THE SEVENTH MONTH ALSO COINCIDES WITH THE END OF THE PRELIMINARY DESIGN REVIEW. THIS SHOULD ALLOW SUFFICIENT TIME FOR MUNITIONS CONTROL BOARD AND CONGRESSIONAL REVIEW.

12. THE NEGOTIATIONS WERE COMPLETED JULY 3 AND GRAUL SPENT JULY 4 IN AN ITEM BY ITEM REVIEW OF EACH CHANGE TO THE PROPOSAL. HE EXPECTS THE SPACE COMMISSION WILL RECEIVE THE PROPOSAL FOR FINAL APPROVAL ON JULY 6. DR. SATISH DHAWAN, SECRETARY, DOS, AND CHAIRMAN, SPACE COMMISSION, PLANS TO GO TO THE US AROUND JULY 22 TO SIGN THE LAUNCH VEHICLE AGREEMENT WITH NASA AND THE FINAL CONTRACT WITH FORD. THIS DATE DEPENDS ON WHEN FINAL APPROVAL IS GIVEN BY THE GOI. SINCE THE FUNDS ARE ALREADY ALLOCATED BY THE CABINET COMMITTEE, GRAUL BELIEVES THAT THE SPACE COMMISSION AND THE MINISTER FOR SPACE, THE PRIME MINISTER, WILL BE THE ONLY ONES INVOLVED IN THE FINAL APPROVAL.

13. THE USERS MINISTRIES WILL PROVIDE THEIR OWN GROUND SYSTEMS. GRAUL WAS TOLD THAT 135,000 DIRECT RECEIVE T.V. SETS WOULD BE PROVIDED TO VILLAGES UNDER THE PROGRAM. THE POSTS AND TELEGRAPHS PLAN TO HAVE ABOUT THIRTY FIVE SATELLITE RECEIVING SYSTEMS TO TIE TOGETHER THE LONG DISTANCE TELEPHONE SYSTEM. SEVEN ARE UNDER CONSTRUCTION NOW AND WILL USE INTEL-SAT FOR THE TIME BEING.

14. PROMOD KALE, WHO WAS RESPONSIBLE FOR THE SITE (NASA ATS-6) VILLAGE T.V. SETS, T.V. FRONT END CONVERTER, CHICKEN WIRE PARABOLIC ANTENNAS, AND REPAIR AND MAINTENANCE OF THE VILLAGE T.V. SETS, IS THE PROGRAM MANAGER OF THE INSAT PROCUREMENT FOR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 NEW DE 10551 02 OF 02 120240Z

DOS. GRAUL FEELS HE IS AN ABLE AND MATURE INDIVIDUAL. GRAUL HAS KNOWN HIM FOR NEARLY 10 YEARS. THE DEPARTMENT OF SPACE IS SETTING UP AN ORGANIZATION TO MANAGE THE INSAT PROCUREMENT.

THE INSAT 1 SPACE SEGMENT PROJECT ORGANIZATION (SSPO) HEADED BY KALE, WILL BE AT ISRO/DOS HEADQUARTERS IN BANGALORE AND THE DOS TEAM AT FORD AEROSPACE WILL REPORT TO THIS GROUP.

15. THERE WILL ALSO BE A BODY ABOVE THE SSPO CALLED THE INSAT 1 COORDINATING COMMITTEE. THIS WILL BE HEADED BY DHAWAN AND WILL INCLUDE SECRETARIES, RO THEIR REPRESENTATIVES, FROM THE USER MINISTRIES. DR. MANMOHAN SINGH, SECRETARY, DEPARTMENT OF ECONOMIC AFFAIRS, MINISTRY OF FINANCE, WILL ALSO BE ON THIS COMMITTEE. J.P. SINGH WILL ACT AS THE SECRETARIAT FOR THE COMMITTEE. HE WILL GATHER AND KEEP THE FINANCIAL RECORDS AND TECHNICAL MATERIALS FOR THE COMMITTEE. SINGH, WHO IS A KEY STAFF MEMBER IN ISRO/DOS, WILL ACT AS THE INTERFACE TO THE DOS PROJECT ORGANIZATION. HE WILL HAVE NO LINE RESPONSIBILITY, BUT AS A KEY MEMBER OF THE TEAM THAT WROTE THE RFP, EVALUATED THE PROPOSALS AND NEGOTIATED THE FINAL CONTRACT, HE IS IDEALLY SUITED FOR THIS POST. HE WILL ALSO HANDLE ALL FOREIGN MATTERS INCLUDING THE CONTRACTS WITH INTERNATIONAL TELECOMMUNICATIONS UNION (ITU).

16. COMMENT: WITH THE INSAT PROGRAM, INDIA SHOULD HAVE ONE OF THE MOST SOPHISTICATED COMMUNICATIONS SYSTEMS IN THE WORLD. INSTEAD OF MICROWAVE, INSAT WILL BE USED TO TIE TOGETHER LONG DISTANCE TELECOMMUNICATIONS. THERE WILL BE DIRECT BROADCAST OF EDUCATIONAL T.V. PROGRAMS TO VILLAGE RECEIVERS AND THE CAPABILITY OF AN ALL INDIA T.V. NETWORK. INSAT WILL PROVIDE CONTINUOUS WEATHER STATUS USING TWO REMOTE SENSORS ON THE SATELLITE AND PROVIDE THE LINK TO LOCAL MANNED AND UNMANNED WEATHER STATIONS. WITH OPTIONS ON A POSSIBLE TOTAL OF FIVE SATELLITES, INDIA WILL NOT NEED TO DEVELOP ITS OWN SATELLITE BEFORE THE 1980'S, IF EVER. TECHNOLOGY TRANSFER WAS NOT A KEY ISSUE IN THE NEGOTIATIONS. THE DECISION OF THE GOI TO ASSIGN RESPONSIBILITY OF THE PROJECT MANAGEMENT TO THE DOS IS A GOOD LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 NEW DE 10551 02 OF 02 120240Z

ONE. DOS IS NOT SUBJECT TO THE SAME INFLUENCES AS THE USERS MINISTRIES. DOS REPORTS DIRECTLY TO THE PRIME MINISTER AND HAS FINANCIAL AND ADMINISTRATIVE POWERS LIMITED ONLY BY APPROVED BUDGETS. ACCORDING TO ALL REPORTS, THIS CONTRACT DID NOT INVOLVE ANY COMMISSIONS TO A LOCAL REPRESENTATIVE, AND THE CONTRACTOR WAS PICKED ON THE BASIS OF COST AND ENGINEERING PRODUCT. FORD ESCORTS (THE FORD AGENT IN INDIA) IS BEING PAID A FLAT FEE FOR TIME AND SERVICES PROVIDED. END COMMENT. GOHEEN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SPACE PROGRAMS, CONTRACTS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978NEWDE10551
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780284-0794
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780774/aaaackmp.tel
Line Count: 272
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: aff3ce77-c288-dd11-92da-001cc4696bcc
Office: ACTION OES
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2051999
Secure: OPEN
Status: NATIVE
Subject: INSAT PROCUREMENT - RESULTS OF FINAL NEGOTIATIONS
TAGS: BENC, BEXP, ETEL, TSPA, IN, US, FORD AEROSPACE
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/aff3ce77-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014